

Senate File 356 - Introduced

SENATE FILE 356
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SSB 1023)

A BILL FOR

1 An Act relating to the termination of the targeted small
2 business financial assistance program and transferring funds
3 for assistance to targeted small businesses.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8.6, subsection 12, Code 2013, is amended
2 to read as follows:

3 12. *Targeted small businesses.* To assist the director
4 of the economic development authority as requested in the
5 establishment and implementation of the Iowa targeted small
6 business procurement Act ~~and the targeted small business loan~~
7 ~~guarantee program.~~

8 Sec. 2. Section 15.107B, subsection 2, paragraph c, Code
9 2013, is amended by striking the paragraph.

10 Sec. 3. Section 15.108, subsection 7, paragraph c,
11 unnumbered paragraph 1, Code 2013, is amended to read as
12 follows:

13 Aid for the development and implementation of the Iowa
14 targeted small business procurement Act established in sections
15 73.15 through 73.21 ~~and the targeted small business financial~~
16 ~~assistance program established in section 15.247.~~

17 Sec. 4. Section 15.108, subsection 7, paragraph c,
18 subparagraph (1), subparagraph division (c), Code 2013, is
19 amended by striking the subparagraph division.

20 Sec. 5. Section 15.108, subsection 7, paragraph c,
21 subparagraphs (3) and (5), Code 2013, are amended by striking
22 the subparagraphs.

23 Sec. 6. Section 15.240, subsection 2, paragraph f, Code
24 2013, is amended by striking the paragraph.

25 Sec. 7. Section 15.313, subsection 2, paragraph c, Code
26 2013, is amended by striking the paragraph.

27 Sec. 8. Section 73.20, Code 2013, is amended to read as
28 follows:

29 **73.20 Determination of ability to perform.**

30 Before announcing a contract award pursuant to the targeted
31 small business procurement goal program, the purchasing
32 authority shall evaluate whether the targeted small business
33 scheduled to receive the award is able to perform the contract.
34 This determination shall include consideration of production
35 and financial capacity and technical competence. If the

1 purchasing authority determines that the targeted small
2 business may be unable to perform, the director of the economic
3 development authority shall be notified ~~and shall assist the~~
4 ~~targeted small business pursuant to section 15.108, subsection~~
5 ~~7, paragraph "c", subparagraph (3).~~

6 Sec. 9. REPEAL. Section 15.247, Code 2013, is repealed.

7 Sec. 10. TRANSITION UPON REPEAL.

8 1. Upon repeal of the targeted small business financial
9 assistance program established in section 15.247, the authority
10 shall transfer all unencumbered and unobligated moneys accruing
11 to the authority pursuant to existing agreements to a fund
12 established by the authority in the state treasury under
13 the control of the authority pursuant to section 15.106A,
14 subsection 1, paragraph "o", to be used for the purposes of
15 providing assistance to targeted small businesses pursuant to
16 subsection 3 of this section of this Act.

17 2. Loan payments or repayments and recaptures of principal,
18 interest, or other moneys accruing to the authority on or after
19 June 30, 2013, pursuant to an agreement under section 15.247,
20 shall be transferred to a fund established by the authority in
21 the state treasury under the control of the authority pursuant
22 to section 15.106A, subsection 1, paragraph "o", to be used
23 for the purposes of providing assistance to targeted small
24 businesses pursuant to subsection 3 of this section of this
25 Act.

26 3. a. From the moneys transferred pursuant to subsections 1
27 and 2, the authority shall procure the services of a qualified
28 microloan service provider to provide financial and technical
29 assistance to targeted small businesses in Iowa.

30 b. The authority shall enter into an agreement with a
31 microloan service provider for the provision of services to
32 targeted small businesses. The agreement shall provide for
33 an initial performance period of three years. In engaging
34 the services of a qualified microloan service provider, the
35 authority shall require the service provider to offer financial

1 and technical assistance to targeted small businesses at a
2 discounted rate. The authority shall ensure that the moneys
3 transferred for purposes of this subsection are used to
4 subsidize the provision of financial and technical assistance
5 by the microloan service provider to targeted small businesses
6 in order for the microloan service provider to offer its
7 services at a discounted rate.

8 c. The authority shall, upon completion of the initial
9 performance period and the other applicable terms of the
10 agreement with the microloan service provider, submit a report
11 to the general assembly and the governor's office describing
12 the results achieved by the service provider and shall make
13 recommendations as to whether the state should continue to
14 provide funds for future fiscal years for the purpose of
15 providing financial and technical assistance to targeted
16 small businesses through the services of a microloan service
17 provider.

18 d. For purposes of this subsection, "targeted small
19 business" means the same as defined in section 15.102.

20 EXPLANATION

21 This bill terminates the targeted small business financial
22 assistance program and transfers funds to the economic
23 development authority for the services of a microloan service
24 provider to assist targeted small businesses.

25 The Code defines a targeted small business as a small
26 business that is 51 percent or more owned, operated, and
27 actively managed by a minority person, a person with a
28 disability, or a woman. A targeted small business must also be
29 located in the state, operated for profit, and have an average
30 annual gross income of less than \$4 million over the three
31 preceding fiscal years. The targeted small business financial
32 assistance program is a program that provides loan-based
33 financing and grants to eligible targeted small businesses
34 through the strategic investment fund created in Code section
35 15.313. The bill terminates the targeted small business

1 financial assistance program, as well as the program's board,
2 and the targeted small business advocate service provider which
3 provided mentoring, outreach, and professional development
4 services to certified targeted small businesses.

5 The bill allows the economic development authority, upon
6 repeal of the program, to transfer all unencumbered and
7 unobligated moneys as well as loan payments or repayments
8 and recaptures of principal, interest, or other moneys
9 accruing from an existing agreement entered into under the
10 targeted small business financial assistance program to a fund
11 established by the economic development authority.

12 The bill requires the authority to use the moneys
13 transferred to provide assistance to targeted small businesses
14 through the procurement of the services of a qualified
15 microloan service provider that will provide financial and
16 technical assistance to targeted small businesses in Iowa.

17 The bill provides that the economic development authority
18 shall enter into an agreement with a microloan service provider
19 for the provision of financial and technical services to
20 targeted small businesses. The economic development authority
21 shall require that the microloan service provider offer
22 such assistance to targeted small businesses at a discounted
23 rate, and the transferred moneys shall be used to enable the
24 microloan service provider to offer that discounted rate. The
25 agreement shall provide for a three-year initial performance
26 period.

27 After completion of the initial performance period, the
28 bill requires the economic development authority to submit
29 a report to the governor and the general assembly with the
30 results achieved by the service provider and recommendations
31 as to whether the state should continue to provide funds for
32 future fiscal years for the purpose of providing assistance to
33 targeted small businesses through a microloan service provider.